

AT&T/T-Mobile USA: More competitors are stepping up in their objections to the proposed acquisition of T-Mobile USA by AT&T. Cincinnati Bell Wireless, MetroPCS, NTELOS, Rural Cellular Association and the Rural Telecommunications Group have joined forces with Sprint (NYSE: S) in a filing to the Federal Communications Commission, which not only objects to the merger but also asks that the FCC consolidate its review of the deal with a separate assessment it is making of AT&T's proposal to buy 700 MHz FLO TV spectrum from Qualcomm (NASDAQ: QCOM), arguing that taken together, the two give AT&T enormous mobile power in the country

RTG Urges FCC, DOJ to Block AT&T's Acquisition of T-Mobile

Conditions Alone Will Not Overcome Threats to Consumer Choice, Job Loss and Competition

Washington, D.C. ? Exactly one month ago, AT&T Inc. (AT&T) boldly announced its plan to take over T-Mobile USA, Inc. (T-Mobile). As part of its bid to leap ahead of Verizon Wireless and reclaim the title of the country's largest mobile wireless service provider, AT&T wants to completely eliminate T-Mobile, a fierce competitor, industry innovator and most notably one of the last providers of nationwide mobile wireless service. Immediately after the announcement, the Rural Telecommunications Group, Inc. (RTG) issued a press release stating, in part, that "[n]othing about this proposed transaction bodes well for the American public and mobile consumers."

After carefully reviewing a post-merger AT&T and the impact that the increased spectrum holdings of such an already enormous entity would have on the mobile wireless marketplace, RTG has concluded that no merger-specific conditions would be sufficient to balance out the harms resulting from the proposed acquisition. RTG intends to petition the Federal Communications Commission (FCC) to deny the merger and implores the Department of Justice and Federal Trade Commission to vigorously review and investigate the antitrust and anticompetitive implications of the proposed transaction.

Should the acquisition proceed, numerous negative consequences will occur:

Consumers Harmed. The loss of T-Mobile as an independent mobile wireless provider will decrease the number of market entrants nationwide in all markets, urban and rural, and further reduce consumer choice. Fewer choices inevitably results in higher prices. Rural consumers will be especially harmed because they have historically received lower pricing on roaming services from T-Mobile when they travel to urban areas. AT&T's charges to other carriers to allow those carriers' customers to roam on AT&T are significantly higher than the charges levied by T-Mobile for the same roaming services.

Jobs Lost. Part of the cost-savings that AT&T will enjoy post-merger will come from the elimination of numerous sales, customer care, engineering and other technical positions across the country.

Mergers and job cuts go hand-in-hand. With over 37,000 T-Mobile jobs at stake and an unemployment rate still hovering at 8.8%, a consolidation of this size will delay the nation's economic recovery and is not in the public interest.

¶Innovation Crushed. Were T-Mobile to vanish, AT&T and Verizon together would control just shy of 80% of the mobile wireless marketplace. AT&T alone will control 43% of the marketplace. This dominant position will give AT&T the ability to control application development for mobile devices as well as the development of mobile devices and network equipment specifications. AT&T can then dictate which manufacturing, service and software companies will survive and which ones will die. The prospects for innovation, choice and diversity in the network equipment, mobile device, mobile O/S, and mobile applications development industries require numerous carriers that can provide the necessary volume to drive innovation. This transaction cannot deliver that to the American consumer. For over half a decade, AT&T has spared no expense in blocking attempts to:

- 1.re-impose a spectrum cap;
- 2.prohibit exclusivity agreements between device manufacturers and carriers;
- 3.promote device interoperability across the entirety of the 700 MHz band ¶ the future of 4G services; and most importantly
- 4.impose data roaming regulations.

Competing rural wireless carriers have sought to implement these pro-consumer and pro-competition initiatives to level the playing field and have been repeatedly attacked by AT&T so that it can use its current dominant market power to crush competition. ¶Allowing AT&T to further increase its already existing dominant market power is just a non-starter,¶ stated Carri Bennet, RTG's General Counsel.

The simple truth is that past anti-competitive behavior by AT&T is highly indicative of future anticompetitive conduct. To protect American consumers and the recovery of the country's economy, the federal government cannot afford to let AT&T get bigger while leaving consumers with fewer choices for mobile wireless products and services. ¶AT&T's self-serving proclamations that this transaction is in the public interest are not supported by any concrete evidence and must not be taken at face value,¶ Bennet cautioned. ¶Our country's wireless future is at stake and a full evidentiary hearing is a must. RTG is certain that when the full facts emerge, the public, DOJ, the FCC, the FTC and Congress will recognize that allowing AT&T to grow at the expense of T-Mobile's elimination will irreparably harm consumers and what little competition remains in the mobile wireless sector,¶ she added.